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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
LAIKIPIA UNIVERSITY

FOR THE YEAR
ENDED 30 JUNE 2015

21 JUL 2015

21 JUL 2015

*Paper laid
By Hon. A. Suate, MP (om)
on Thurs. July 21, 2016 (pm)*



LAIKIPIA



UNIVERSITY

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KENYA

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27 JUL 2015

*ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE, 2015*

VISION AND MISSION

Our Corporate Vision

A University for valued transformation of society

Our Corporate Mission

To serve the students and society through research, education scholarship, training, outreach and consultancy

Our Core values

The key values that underpin what Laikipia University does are:

- ❖ Quality
- ❖ Integrity
- ❖ Respect

TABLE OF CONTENTS

	Page
Vision and Mission.....	1
Table of content.....	2
General Information.....	3
Members of University Council.....	4
University Management Board.....	6
Core Business of the University.....	8
Statement from Chairman of Council.....	9
Statement from the Vice Chancellor.....	10
Corporate Governance and Ethics.....	11
Corporate Social Responsibility Statement.....	13
Report of the Council Members.....	14
Statement of Council Members responsibility on financial statements.....	15
Statement of Financial Performance.....	16
Statement of Financial Position.....	17
Statement of changes in Reserves.....	18
Statement of Cash flow	19
Statement of Comparison of Budget and Actual Amounts.....	20
Notes to the Accounts.....	21

GENERAL INFORMATION

Establishment

Laikipia University is a body corporate established through the Laikipia University Charter of 19th February 2013.

Registered Office and principal place of Business

Laikipia University
P. O. Box 1100
Nyahururu
Along Nyahururu -Nakuru Road

Bankers

- | | |
|--|---|
| 1. Kenya Commercial Bank
Nyahururu Branch
P.O.Box 64-20300
NYAHURURU | 2. Kenya Commercial Bank
Nakuru Branch
P.O. Box 18-20100
NAKURU |
| 3. Co-operative Bank of Kenya
Nyahururu Branch
P.O.Box 307-20300
NYAHURURU | 4. Co-operative Bank of Kenya
Nakuru Branch
P.O.Box 2982-20100
NAKURU |
| 5. Equity Bank
Nyahururu Branch
P.O. Box 1048-20300
NYAHURURU | |

Independent Auditors

The Auditor General
Kenya National Audit Office
P.O.Box30084-00100
NAIROBI

Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI

LOCATION

Laikipia University is located 11KMs from Nyahururu along the Nyahururu-Nakuru Road.

MEMBERS OF THE UNIVERSITY COUNCIL



Prof. Abdullah N. Said, PhD.

Chairman



Ms. Margery Kabuya

Member



Mr. Fredrick O. Ogana

Member



Mr. Milton Njuki

Member



Prof. Samuel K. Katia , PhD

Member



Mr. Daniel M. Mutua

Member



Ms Joyce N.I. Ekuam

Member



Ms Betty Maina

Member



Prof. Francis K. Lelo, PhD.

Vice-Chancellor

UNIVERSITY COUNCIL MEMBERS' PROFILES

S/No	Name	Date of Birth	Date of Appointment	Qualifications	Experience
1.	Prof. Abdullah N. Said, PhD. (Chairman)	1942	27.02.2013	❖ PhD. Veterinary Medicine (UoN) ❖ Bachelor of Veterinary Science	➤ Animal nutritionist – ILCA ➤ CoD & Researcher UoN. ➤ Dean Faculty of Agriculture & Veterinary Sciences –UoN ➤ Consultant
2.	Prof. Samuel K. Katia (Member)	1949	27.02.2013	❖ PhD. Physics (University of Connecticut) ❖ Msc Physics (UoN) ❖ Bed. Science (UoN)	➤ DVC (AR) – Daystar University ➤ Lecturer Kenyatta University ➤ CoD Physics Department (Egerton) ➤ Director Graduate School (Egerton) ➤ DVC – African University
3.	Ms. Margery W. Kabuya (Member)	1954	27.02.2013	❖ Masters in Sociology (California) ❖ Bachelor of Arts (UoN)	Regional Rep., National Director, Programme Manager, Project Relations Officer (Christian Children Fund)
4.	Ms. Betty Maina (Member)		27.02.2013	❖ Msc. Development & Planning (London) ❖ BA Land Economics (UoN)	➤ CEO, Kenya Association of Manufacturers (2004-2015) ➤ CEO, Institute of Economic Affairs (1997-2002) ➤ Consultant
5.	Ms. Joyce N. I Ekuam (Member)	1972	27.02.2013	❖ Med Education Mgt (Egerton) ❖ Bed. Arts (KU)	➤ Manager IEBC (2015) ➤ Nakuru Regional Coordinator - IEBC ➤ Assistant Deputy Director Staffing – TSC ➤ Senior Principal Staffing Officer – TSC ➤ Chief Staffing Officer, TSC (Molo)
6.	Mr. Daniel M. Mutua (Rep. PS National Treasury)		27.02.2013	❖ MBA Strategic Mgt (ESAMI) ❖ Bed. Economics and Business	➤ Deputy Director Investments – National Treasury
7.	Mr. Milton Njuki (Rep. PS MOEST)		27.02.2013	❖ MBA Strategic Mgt ❖ Bed. Economics and Geography	➤ Assistant Director of Education - MOEST
8.	Mr. Fredrick O. Ogana (Member)		27.02.2013	❖ MBA (KU) ❖ BCom. (KU)	➤ Business Consultant
9.	Prof. Francis K. Lelo (VC/Council secretary)	1952	20.05.2013	❖ PhD. (Clark University- USA) ❖ MES (York university) ❖ Bed (UoN)	➤ Ag. Principal, Kisii University ➤ Dean – Environment & Resources Dev. (Egerton) ➤ CoD – Environmental science (Egerton) ➤ Coordinator, Participatory Rural Appraisal (PRA)

UNIVERSITY MANAGEMENT BOARD



**Prof. Francis K. Lelo, PhD.
Vice Chancellor**



**Prof. Isaac S. Kosgey, PhD.
Deputy Vice-Chancellor,
Administration, Finance & Development**



**Prof. Robert K. Obura, PhD.
Deputy Vice-Chancellor,
Academics & Research**



**Mr. Joseph K. Kairu
Registrar Administration**



**Ms. Sophia W. Muchiri
Finance Officer**



**Dr. Raphael Kiugu, PhD.
Registrar, Academics Affairs**

UNIVERSITY MANAGEMENT BOARD MEMBERS' PROFILES

S/No	Name	Date of Birth	Date of Appointment	Qualifications	Experience
1.	Prof. Francis K. Lelo, PhD. Vice Chancellor	1952	20.05.2013	<ul style="list-style-type: none"> ❖ PhD. (Clark University- USA) ❖ MES (York university) ❖ Bed (UoN) 	<ul style="list-style-type: none"> ➤ Ag. Principal, Kisii University ➤ Dean – Environment & Resources Dev. (Egerton) ➤ CoD – Environmental science (Egerton) ➤ Coordinator, Participatory Rural Appraisal (PRA)
2.	Prof. Isaac S. Kosgey, PhD. Deputy Vice Chancellor (Administration, Finance & Development)	1961	18.06.2013	<ul style="list-style-type: none"> ❖ PhD. Wageningen, Netherlands) ❖ MSc. Wageningen, Netherlands) ❖ MBA (Kenyatta university) ❖ BSc. (Egerton) ❖ Dip. Animal Husbandry (Egerton) ❖ Dip. Law (MKU) 	<ul style="list-style-type: none"> ➤ Deputy Principal - APD, Laikipia Univ. College ➤ Dean Faculty of Agriculture (Egerton) ➤ CoD, Animal Science (Egerton) ➤ Lecturer, Kassel University ➤ Livestock Officer II - Nyeri
3.	Prof. Robert K. Obura, PhD. Deputy Vice Chancellor (Academics & Research)	1951	18.06.2013	<ul style="list-style-type: none"> ❖ PhD. (Chemson University- USA) ❖ MSc. (Tuskegee Institute- USA) ❖ BSc. (UoN) 	<ul style="list-style-type: none"> ➤ Deputy Vice Chancellor (A&R) – Laikipia University ➤ Deputy Principal - AR, Laikipia Univ. College ➤ Ag. Dean, Faculty of Agriculture (Egerton) ➤ CoD dept. of Agronomy. (Egerton) ➤ CoD & Lecturer, Dept. of Crop Science (Egerton)
4.	Dr. Raphael Kiugu Registrar (Academics Affairs)	1962	16/05/2011	<ul style="list-style-type: none"> ❖ PhD. (State Univ. –New York) ❖ MSc. Educ. Administration & Policy (Univ. of New York) ❖ Med. Econ & Planning (Kenyatta University) ❖ Bed. (Kenyatta University) 	<ul style="list-style-type: none"> ➤ Registrar AA (African Nazarene Univ.) ➤ Lecturer, (UoN) ➤ Assistant Lecturer (Egerton)
5.	Mr. Joseph K. Kairu Registrar (Administration)	1960	16/05/2011	<ul style="list-style-type: none"> ❖ MBA (Egerton) ❖ BA (UoN) 	<ul style="list-style-type: none"> ➤ Deputy Registrar Admin. (Egerton) ➤ Human Resource Officer (Civil Service)
6.	Ms. Sophia W. Muchiri Finance Officer	1973	16/05/2011	<ul style="list-style-type: none"> ❖ CPA(K) ❖ MBA (Kenya Methodist University) ❖ BBA (Kenya Methodist University) 	<ul style="list-style-type: none"> ➤ Ag. Finance Officer (Kimathi University) ➤ Ag. Deputy Finance Officer (Kimathi University College) ➤ Senior Accountant (JKUAT)

CORE BUSINESS OF LAIKIPIA UNIVERSITY

The main objectives of the University are stipulated in the Laikipia University Charter of 19th February 2013. Part II Sec 7(1) of the Charter provides the functions and objectives of the University which are;

- a) To provide directly, or in collaboration with other institutions, integration of teaching, research and effective application of knowledge and skills;
- b) Participate in scholarly work, discovery, transmission, utilization, preservation and enhancement of knowledge with a view to stimulating intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya;
- c) Establish centers of excellence, colleges, schools, faculties, institutes, departments, and other resource and administrative units as may be appropriate;
- d) Facilitate student and staff mobility between programmes of study at local, regional, and international universities and institutions;
- e) Participate in commercial ventures and activities that promote the objectives of the institutions;
- f) Foster the general welfare of staff and students;
- g) Develop and provide educational, cultural and professional services that foster corporate social responsibility in the University and collaborating institutions;
- h) Promote equity and social justice;
- i) Offer continuing professional development opportunities;
- j) Conduct examinations for and to grant and confer such academic awards as may be provided for in the Act and the Statutes;
- k) Establish a High Altitude International Sports Training Centre for training, teaching, research, and recreation;
- l) Contribute to sustainable development of Arid, and Semi-Arid Lands resources of Kenya;
- m) Engage in action research, extension and outreach; and
- n) Establish an Information, Communication and Technology hub in teaching, research, training, outreach and consultancy in the region and globally.

STATEMENT FROM THE CHAIRMAN OF COUNCIL

I am delighted to present the annual report and financial statements of Laikipia University for the year ended 30th June, 2015.

The demand for higher education in the country has continued to rise prompting the University to continually review its programmes in line with the market demand. The University will continue to reposition its main brands within the context of market requirements, customer satisfaction and cost rationalization. The need to meet this objective over years has remained the central focus of the University Council. Our current management focuses on expansion of the University while maintaining quality in line with our vision. In line with the GOK policy, the University has increased access to higher education through additional admission of students. This in effect has led to increase in operation costs and need for more physical facilities.

Future Outlook

Going forward, we will continue our growth strategy by expanding our business to transform the society. We will continue to support our satellite campuses to increase students' enrollment. In this regard, the University will continue to expand its facilities to accommodate more students.

Appreciation

Our results would not have been possible if it were not for the support we have received from our customers, government and other stakeholders. As the chairman, am indebted to my fellow Council members for their valuable support. I also wish to acknowledge the Senior Management and all staff for their dedication and commitment to the success of the University.

Thank you.

Prof. Abdallah N. Said, PhD
CHAIRMAN UNIVERSITY COUNCIL

STATEMENT FROM THE VICE CHANCELLOR

I have the pleasure to present the annual report and financial statements for Laikipia University for the year ended 30th June, 2015

Financial Review

The University relies heavily on the Government financial support in form of capitation. This is mainly because over seventy percent of our students are Government supported and their direct fees are still low compared to the differentiated unit costs for the various programmes. In expansion of teaching facilities, the Government had promised to give Ksh. 159 million in 2014/2015 F.Y. However, this was increased to Ksh. 188,166,660 after the Government considered the University during the Supplementary Budget and gave us Ksh. 29,166,660. The available funds have been used in the completion of Lecture Theatres, construction of New Library and Administration block, Tuition block, setting up the University Gate, and Sewerage Treatment Ponds. These facilities will provide the much needed lecture rooms for the smooth running of the institution. The University also received a total of Ksh. 517,473,001 from the Government to finance its recurrent expenditure.

Business Environment

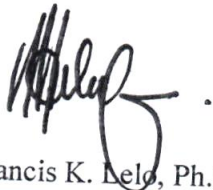
In our endeavour to meet customer expectations, we improved on our service charter with service level agreements. This not only will enable customers to know with precision what to expect from us, but also all staff will be able to deliver uniformity of quality service.

Future Outlook

Going forward, the strategies to sustain expansion and growth will include penetration in the market to increase the existing market share in Nyahururu, Naivasha, Nairobi and Mararal.

Appreciation

I take this opportunity to thank the University Council for their support to the University. I would also like to thank the Government for its support throughout the year under review and also appeal for more support especially for purposes of establishing suitable facilities required by the University. Lastly, I would like to thank staff and students for their continued cooperation in this difficult task of building the University.



Prof. Francis K. Delo, Ph.D

VICE- CHANCELLOR

CORPORATE GOVERNANCE AND ETHICS

The University Council is responsible for the governance of the University and is accountable to the citizens of this country for ensuring that the University complies with the Law and maintains the highest standard of corporate governance, academic standards and ethics. Accordingly the council attaches great importance to the generally accepted corporate governance practices and the need to conduct the activities and operations of the University with integrity, quality and respect.

University Council

The University Council defines the University strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over financial, strategic, operations and compliance issues.

Council Meetings

The Council holds meetings on a regular basis while special meetings are called when it is deemed necessary to do so.

Committees of the Council

The Council has set up five principal committees and one adhoc committee which meet under well defined terms of references as set up in Laikipia University Statutes. This is intended to facilitate efficient decision making of the Council. The committees are; Finance Investment & General Purposes, Audit Governance and Risk Management, Human Resource Management, Academic Research and Sealing, Staff Appointment's and Appeals and Grievances Handling which is an adhoc committee

Audit Governance and Risk Management Committee

The committee assists the University Council to fulfil its corporate governance responsibilities and in particular to:

- ❖ Review financial statements before submission to the University Council focusing on changes of accounting policies, compliance with the International Public Sector Accounting Standards and legal requirements ant the going concern assumption.
- ❖ Strengthen the effectiveness of the internal audit function.
- ❖ Maintain oversight on internal control systems
- ❖ Review and make recommendations regarding the University's budgets, financial plans and risk management.

Finance, Investment and General Purposes Committee of Council

Laikipia University has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for all

transactions and ensuring compliance with the laws and regulations that have significant financial implications. In reviewing the effectiveness of the internal control system, the University Council takes into account the results of work carried out to audit and review the University activities. The University Council also considers the management accounts for each quarter, reports from each council committee, annual budgetary proposals, major issues and strategic opportunities for the University.

Human Resource Management Committee

The Committee reviews and recommends on issues relating to training needs, staff recruitments, promotions, discipline, and staff welfare.

Academic and Research Committee

The Committee reviews and recommends on issues relating to academic and research. The committee provides direction on scholarly work; establish centres of excellence, schools, faculties, institutes and departments as may be appropriate.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Laikipia University is committed to serve students and society through research, education, scholarship, training, outreach and consultancy.

One of the functions of the University is to develop and provide educational, cultural and professional services that foster corporate social responsibility in the University and collaborating institutions. The University carried out two technological solutions to the community during the year under review. Going forward, the University intends to carry out three more technological solutions to the community. These include:-

- Hold a counseling seminar on financial management and skills to sportspersons.
- Establish an international collaboration on dry land farming
- Disseminate research findings

Laikipia University endeavors to support the less fortunate students in the University. The University awarded Ksh. 928,000 for bursaries to the needy students.

In 2014/2015, a total of Ksh. 1,000,200 was also paid under the work study programme to assist the needy students.

REPORT OF THE COUNCIL

The University Council submits this report together with the audited financial statements for the year ended June 30, 2013 which show the state of the Laikipia University's affairs.

a. Principal activities

The principal activities of Laikipia University is teaching & research

b. Results for the Year

The results of Laikipia University for the year ended June 30, 2015 are set out on pages 16-19.

c. Directors

The members of the University Council who served during the year are shown on page 5.

d. Auditors

The Auditor General is responsible for the statutory audit of Laikipia University in accordance with the Section ... of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Council



Vice Chancellor
Laikipia University

Date:

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Laikipia University Council members are responsible for the preparation and presentation of the financial statements set out on pages 16 to 19 which comprise the statement of financial position for the year ended 30th June, 2015, statement of financial performance, statement of cash flow, statement of changes in reserves for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Council members responsibility includes: determining that the basis of accounting described in note 1, is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Laikipia University Charter requires the University Council to prepare statements for each financial year, which give a true and fair view of the state of affairs of the University at the end of the financial year and its operating results for that year. It also requires the council to ensure that the University keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. The University Council is also responsible for safeguarding the Assets of the University.

The University Council accepts the responsibility for the financial statements, which has been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Accounting Standards. The University Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University as at 30th June 2015 and of its operating results.

The University Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate systems of Internal Financial Controls.

The Council has made an assessment of the University's ability to continue as a going concern and nothing has come to their attention to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The financial statements, as indicated above were approved by the University Council and were signed on its behalf by

Prof. Abdallah N. Said, PhD

CHAIRMAN OF COUNCIL

Prof. Francis K. Lelo, Ph.D

VICE- CHANCELLOR

REPUBLIC OF KENYA

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Fax: +254-20-311482
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Website: www.kenao.go.ke



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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Laikipia University set out on pages 16 to 40, which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of changes in reserves, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

The University Council is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as Council determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The Council is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with the provisions of Article 229(7) of Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

Laikipia University – Annual Report and Financial Statements for the year ended 30 June 2015

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as an evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Sustainability of Service

The University during the financial year 2014/2015 recorded a deficit of Kshs.121,353,780 compared to deficit of Kshs.71,035,873 reported in 2013/2014, which further increased accumulated loss from Kshs.55,026,988 to negative Kshs.176,380,768 as at 30 June, 2015. Further, current liabilities balance of Kshs.368,055,653 exceeded total current assets of Kshs.205,874,818 resulting to a negative working capital of Kshs.162,180,835, an indication that the University may be experiencing difficulties in settling maturing obligations as and when they fall due. However, the financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive support from the Government and creditors.

2. Property, Plant and Equipment

As previously reported, property, plant and equipment balance of Kshs.1,184,779,229 included an amount of Kshs.194,835,000 representing the value of eighteen (18) parcels of land measuring 949,519 acres whose ownership documents have not been made available for audit verification despite the fact that allotment letters for the parcels were issued several years back. Further, the University has been allocated 5 acres of land by defunct Municipal Council of Nyahururu, 100 acres by defunct Town Council of Rumuruti and 600 acres by the defunct County Council of Samburu. However, ownership documents for these parcels of land were not made available for audit verification and their values are not included in the financial statements since they have not been valued.

In addition, although the University had a fixed asset register, it was not properly maintained and it lacked details on accumulated depreciation, location of the assets, revalued assets, serial numbers of the assets and asset number.

In the circumstances, it has not been possible to confirm the ownership, accuracy and completeness of property, plant and equipment balance of Kshs.1,184,779,229 as at 30 June 2015.

3. Accounts Receivables

The receivables balance, includes student fees balances of Kshs.129,731,778, which comprise of main campus balance of Kshs.31,146,554, Nyahururu campus Kshs.29,782,514, Naivasha campus Kshs.14,116,644, Maralal campus

Kshs.53,823,266
debtors balance of k.
Resource Planning (E.R.
resulting to unexplained varia.

In the circumstances, the recoverabi.
of Kshs.171,037,698 as at 30 June 2015

Qualified Opinion

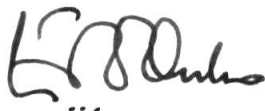
In my opinion, except for the effect of the matters desc.
Opinion paragraph, the financial statements present fairly, in
financial position of Laikipia University as at 30 June 2015, al
performance and its cash flows for the year then ended, in, with
International Public Sector Accounting Standards (Accrual Basis) an, with
Universities Act, 2012.

Other matter

Delay in implementation of E.R.P software

The University entered into a written contract with World Systems Limited at a cost of Kshs 14,949,200. The university paid Kshs.9,329,220 as at 30 June 2014 to the consultant which was 62% of the contract price though no amounts were paid in the 2014/2015 financial year. Although the contract with the consultant had since expired, the ICT department of the University Management had several ERP review meetings with the consultants and the ERP users targeted towards ensuring fully implementation of the system. The implementation period was to run for one year starting from 22 May 2012 yet it was still incomplete 3 years after the contract period lapsed. According to the contract document signed between Laikipia University and Worldspan Systems the agreement was to have five (5) developers on round working on the ERP but only two (2) developers had been working on the system. In the circumstances, the implementation and functionality of the ERP software as at 30 June 2015 could not be confirmed.

My opinion is not been qualified in respect of this matter.



FCPA, Edward R. O Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 June 2016

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE, 2015**


REVENUE	Notes	2015 Kshs.	2014 Kshs.
Revenue from non-exchange transactions			
Government Grants (Recurrent)	3	516,328,950	524,669,878
Grants & Donations	4	1,241,500	15,000
		517,570,450	524,684,878
Revenue from exchange transactions			
Students' Fees	5	358,499,837	331,267,937
Other Incomes	6	6,186,754	23,386,896
		364,686,591	354,654,832
Total Revenue		882,257,041	879,339,710
 EXPENDITURE			
Staff Costs	7	644,517,621	680,950,902
Administrative Expenses	8	115,005,440	112,102,740
Academic & Research Expenses	9	178,518,422	108,379,350
Students Welfare	10	15,369,989	12,670,828
Council Expenses	11	9,384,096	7,743,016
Finance Charge	12	1,862,004	1,862,237
Depreciation	13	25,430,323	27,640,889
Bad Debts	14	14,223,365	0
Total		1,004,311,259	951,349,962
Operating Deficit		(122,054,218)	(72,010,251)
Other Service Units			
Farm Profit	15	143,002	2,010,631
Catering Profit/(Loss)	16	16,552	(903,155)
Bookshop Profit/(Loss)	17	540,885	(133,098)
Total Comprehensive Surplus/(Deficit)		(121,353,780)	(71,035,873)

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2015

ASSETS	Notes	2015	2014
		Kshs.	Kshs.
Current Assets			
Cash & Cash Equivalents	18	19,564,380	13,555,377
Receivables from exchange transactions	19(i)	128,010,285	154,927,517
Receivables from non-exchange transactions	19(ii)	43,027,413	36,110,798
Inventories	20	15,272,741	17,838,051
Total Current Assets		205,874,818	222,431,743
Non- Current Assets			
Property, Plant and Equipment	21	1,184,779,229	1,077,296,435
Library Books	22	1,808,254	2,849,826
Intangible Assets (ERP Software)	23	9,329,220	9,329,220
Biological Assets	24	6,954,000	7,996,500
Total Non- Current Assets		1,202,870,703	1,097,471,980
Total Assets		1,408,745,521	1,319,903,724
LIABILITIES			
Current Liabilities			
Bank Overdraft	25	56,383,338	49,451,811
Accounts Payables	26(i)	311,672,315	292,774,924
Total Current Liabilities		368,055,653	342,226,736
Non-Current Liabilities			
Long Term Liabilities	26(ii)	10,133,332	13,933,332
Total Non- Current Liabilities		10,133,332	13,933,332
Total Liabilities		378,188,985	356,160,068
NET ASSETS		<u>1,030,556,536</u>	<u>963,743,656</u>
Financed By:			
Capital Reserve		1,206,937,304	1,018,770,644
Revenue Reserves (Surplus)		(176,380,768)	(55,026,988)
Total		<u>1,030,556,536</u>	<u>963,743,656</u>

Prof. Abdullah N. Said, PhD.
CHAIRMAN OF COUNCIL


Prof. Francis K. Lelo, PhD.
VICE CHANCELLOR


Sophia W. Muchiri
FINANCE OFFICER

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30TH JUNE, 2015**

Details	Capital Reserve Ksh.	Revenue Reserve Ksh.	Total Ksh.
As at 1st July, 2013	887,257,518	16,008,885	903,266,403
Government Development Grants	131,513,126		131,513,126
Total Comprehensive Income	0	(71,035,873)	(71,035,873)
As at 30th June, 2014	1,018,770,644	(55,026,988)	963,743,656
As at 1st July, 2014	1,018,770,644	(55,026,988)	963,743,656
Government Development Grants	188,166,660		188,166,660
Total Comprehensive Income		(121,353,780)	(121,353,780)
As at 30th June, 2015	1,206,937,304	(176,380,768)	1,030,556,536

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30TH JUNE, 2015

Details	2015	2014
	Kshs.	Kshs.
Operating Activities:		
Surplus/Deficit	(121,353,780)	(71,035,873)
Revaluation of Assets	0	0
Gain on Disposal of Assets	0	(1,025,400)
Adjustment for Depreciation	25,430,323	27,640,889
Operating surplus before working capital changes	(95,923,457)	(44,420,384)
Changes in Working Capital		
Increase/Decrease in Receivables	20,000,618	(52,706,491)
Increase/Decrease in Inventories	2,565,309	1,258,813
Increase/Decrease in Payables	18,897,390	123,412,329
Increase/Decrease in Biological Assets	1,042,500	(1,318,250)
Net changes in Working Capital	42,505,818	70,646,401
Net cash generated from operating Activities	(53,417,639)	26,226,017
Cash flows from Investing Activities		
Purchase of Non-Current Assets	(3,578,667)	(24,404,994)
Work in Progress	(128,292,878)	(156,332,918)
Proceeds from sale of Non-Current Assets	0	1,025,400
Net cash used in investing Activities	(131,871,545)	(179,712,511)
Cash Flows from Financing Activities:		
Government Development Grants	188,166,660	131,513,126
Proceeds from Long Term Liabilities		
Repayments of Long Term borrowings	(3,800,000)	(3,800,000)
Net cash generated from Financing Activities	184,366,660	127,713,126
Increase/(decrease) in cash and Cash Equivalents	(922,524)	(25,773,369)
Cash & Cash Equivalents at Beginning of the Year	(35,896,434)	(10,123,065)
Cash & Cash Equivalents at the end of the period	(36,818,958)	(35,896,434)

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2015**

Details	Approved Budget 2014/2015	Adjustments 2014/2015	Revised Budget 2014/2015	Actual on Comparable Basis 2014/2015	Performance Difference 2014/2015
REVENUE					
Government Grants (Recurrent)	516,328,950		516,328,950	516,328,950	0
Grants & Donations	8,000,000		8,000,000	1,241,500	(6,758,500)
Students' Fees	279,797,145	31,758,809	311,555,954	358,499,837	46,943,883
Other Incomes	29,871,767		29,871,767	6,186,754	(23,685,013)
Total	833,997,862	31,758,809	865,756,671	882,257,041	16,500,369
EXPENDITURE					
Staff Costs	601,067,375	(1,908,795)	599,158,580	644,517,621	(45,359,041)
Administrative Expenses	87,675,360	13,916,219	101,591,579	115,005,440	(13,413,861)
Academic & Research Expenses	99,994,000	5,078,008	105,072,008	178,518,422	(73,446,414)
Students Welfare	16,088,000	1,279,916	17,367,916	15,369,989	1,997,928
Council Expenses	3,600,000	6,400,000	10,000,000	9,384,096	615,904
Finance Charge	1,862,000		1,862,000	1,862,004	(4)
Depreciation	0	0	0	25,430,323	(25,430,323)
Bad Debts	1,440,000		1,440,000	14,223,365	(12,783,365)
Total	811,726,735	24,765,348	836,492,083	1,004,311,259	(167,819,176)
Operating Deficit	22,271,127	6,993,461	29,264,588	(122,054,218)	184,319,545
Other Service Units					
Farm Profit	(112,807)	0	(112,807)	143,002	255,808
Catering Profit/Loss	0	0	0	16,552	16,552
Bookshop Profit	0	1,884,068	1,884,068	540,885	(1,343,183)
Total Comprehensive Surplus/(Deficit)	22,158,320	8,877,529	31,035,850	(121,353,780)	183,248,722
ADD: Other Receipts (Non P&L)					
Government Grants (Capital)	159,000,000		159,000,000	188,166,660	29,166,660
Receipts from Debtors	47,659,024		47,659,024	52,638,413	4,979,389
	206,659,024	0	206,659,024	240,805,073	34,146,049
LESS: Other Payments (Non P&L)					
Plant & Equipment	28,280,000	(8,768,685)	19,511,315	3,379,236	16,132,079
Capital Development	159,000,000		159,000,000	128,292,878	30,707,122
Debt Management	93,800,000	17,646,214	111,446,214	130,589,517	(19,143,302)
	281,080,000	8,877,529	289,957,529	262,261,631	27,695,899
Surplus/Deficit for the Year	(52,262,656)	0	(52,262,656)	(142,810,337)	189,698,873

**Notes to the Financial Statements
For the Year Ended 30th June, 2015.**

1. Statement of Compliance and Basis of Preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of Significant Accounting Policies

a. Revenue Recognition

Revenue has been accounted for using the accrual concept of accounting. Income is recognized in the period in which it is earned. The revenue recognition is as follows:

i) Revenue from non-exchange transactions – IPSAS 23

❖ **Government Grants**

Government grants are recognized as income in the period when received. Government grant is recognized only when there is a reasonable assurance that the entity will comply with any condition attached to the grant and that the grant will be received

❖ **Grants & Donations**

Grants and donations in form of research grants and donations from Constituency Development Funds (CDFs) are recognized as income in the period it is received. The entity does not accrue un-received grants and donations unless there is a reasonable assurance to receive the funds.

ii) Revenue from exchange transactions – IPSAS 9

❖ **Tuition and Fees**

Revenue from tuition and fees are recognized prorata over the relevant period. The entity applies accrual concept in relation to tuition and fees receivable in a particular year

❖ **Other incomes**

Other incomes include Kshs. 1,144,051 transferred from University of Nairobi to cater for 2010/2013 Collective Bargaining Agreement (CBA). Income from campuses is treated the same way tuition and fees are treated. Revenue from other sources are recognized when the amount of revenue can be measured reliably.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

b. Budget Information – IPSAS 24

The annual budget is prepared on cash basis while the actual have been prepared on accrual basis. This explains the huge variances on the statement of comparison of budget and actual amounts.

c. Property, Plant and Equipment – IPSAS 17

Property, plant and equipment are stated at cost less accumulated depreciation and recognized impairment loss. Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during the estimated useful life, using the straight line method. Assets acquired during the year will attract full year depreciation while assets disposed during the year will not be charged the depreciation.

The annual rates used are as follows:-

Buildings	-	2.5%
Office Equipment	-	20%
Furniture & Fittings	-	12.5%
Plant, Machinery & Tractors	-	10%
Motor Vehicles	-	25%
Computer & Accessories	-	20%
Library Books	-	20%

d. Intangible Assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

e. Inventories – IPSAS 12

Inventories are stated at the lower of cost or net realizable value. Costs of issues are calculated using 'First in First Out' (FIFO) method. Net realizable value represents the estimated selling price less any estimated cost of disposal. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

f. Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

During the year under review, the University held Ksh. 11,837,348 at the KCB Mararal CDF Account as Cash-in-Transit. This comprised of harambee donations of Ksh. 12,258,870 and Ksh. 100,000 by the area community. The conditions by the community indicated that this was not University income, but was to be held on trust to build hostels. The project had expended Ksh. 521,521.80 at the close of the financial year, hence a balance of Ksh. 11,837,348. This money was therefore excluded from the mararal CDF Account leaving Ksh. 64,062 for recognition in the cash & cash equivalents.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

g. Reserves – IPSAS 1

Laikipia University maintains two types of reserves as indicated on the Statement of changes in reserves of the financial statements. The reserves are capital and revenue reserves. During the financial year under review, the University had capital and revenue reserves' balance of Ksh. 1,206,937,304 and Ksh. -162,157,403 respectively.

h. Employee Benefits – IPSAS 25

Retirement Benefit Costs

Laikipia University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Laikipia University, jointly with Egerton, Kisii and Chuka Universities operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University. The University also contributes to the National Social Security Fund (NSSF). Contributions to this fund are determined by the local statutes.

The contributions made to the above schemes by the University are charged to the income statement during the year in which they relate.

i. Related Parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of the University Management Board (UMB) are regarded as related parties and comprise of the Vice Chancellor, Deputy Vice Chancellor (AF&D), Deputy Vice Chancellor (A&R), Registrar (Administration), Registrar (Academic) and Finance Officer. Their remuneration during the year under review was as follows:

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

UMB Remuneration	2014/2015	2013/2014
	Ksh.	Ksh.
Vice Chancellor	11,377,856.00	12,731,693.05
Deputy Vice Chancellor - AFD	8,613,572.00	10,768,798.55
Deputy Vice Chancellor - A&R	8,642,374.00	11,293,836.35
Registrar Adm.	5,443,912.00	5,889,616.00
Registrar A&R	5,443,912.00	5,769,586.00
Finance Officer	5,490,472.00	5,946,460.00
Total	45,012,098.00	52,399,989.95

Laikipia University Council is the governing body of the University and therefore a related party to the University. In 2014/2015 financial year, the University Council held various meetings in line with their mandate as stipulated in the University statutes and the Charter. The allowances paid to the members were as follows:

ALLOWANCES TO COUNCIL MEMBERS 2014/2015

Council Member	Sitting Allow.	Mileage Allow.	Accom.	Lunch Allow.	Honorarium	Total
Prof. Raphael Munavu	60,000	17,538	0	0	1,200,000	1,277,538
Prof. Abdallah Said	460,000	722,280	637,000	34,000	1,044,000	2,897,280
Margery W Kabuya	460,000	79,991	65,000	30,000	0	634,991
Fredrick Ogana	520,000	64,781	39,000	44,000	0	667,781
Prof. Samuel Katia	640,000	246,506	78,000	50,000	0	1,014,506
Milton Njuki	600,000	65,012	104,000	42,000	0	811,012
Betty Maina	260,000	30,006	13,000	24,000	0	327,006
Joyce N. I. Ekuam	620,000	319,306	286,000	44,000	0	1,269,306
Daniel M. Mutua	400,000	39,678	13,000	32,000	0	484,678
Total	4,020,000	1,585,096	1,235,000	300,000	2,244,000	9,384,096

The Government of Kenya is also a related party to the University especially in terms of financing and policies. During the year under review, the National Government through the Ministry of Education, Science and Technology disbursed Ksh. 517,473,001 for recurrent expenditure and Ksh. 188,166,660 for capital expenditure

j. **Financial Risk Management – IPSAS 30**

The University's activities expose it to a variety of financial risks including credit and liquidity risks. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University's financial risk management objectives and policies are detailed below:

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015❖ **Credit risk Management**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. The University's policy is payment on registration and thus students' receivables are categorized as either past due or impaired.

The amount that best represents the University's maximum exposure to credit risk is made up as follows:

Credit risk Analysis

Details	Fully Performing Kshs.	Past due Kshs.	Impaired Kshs.	Total Kshs.
As at 30 June, 2015				
Students Receivables		129,731,778		129,731,778
Other Receivables	43,027,413	12,501,872		55,529,284
Bank Balances	<u>31,375,427</u>			<u>31,375,427</u>
	<u>74,402,840</u>	<u>142,233,650</u>	<u>0</u>	<u>216,636,489</u>
As at 30 June, 2014				
Students Receivables		132,467,714		132,467,714
Other Receivables	36,110,798	22,459,803		58,570,601
Bank Balances	<u>13,454,871</u>			<u>13,454,871</u>
	<u>49,565,669</u>	<u>154,927,517</u>	<u>0</u>	<u>204,493,186</u>

❖ **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the University Management Board, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Prudent liquidity risk management includes maintain sufficient cash to meet the University's obligations. The university Management Board reviews the cash forecasts regularly and determines the University's cash requirement

The table below analyses the University's financial liabilities into relevant maturity period based on the remaining period at the end of reporting period to the contractual maturity date.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2015

Liquidity risk Analysis

Details	Less than one Month Kshs.	Between 1-12 Months Kshs.	Over 12 Months Kshs.	Total Kshs.
As at 30 June, 2015				
Trade Payables	6,808,192	25,822,121	8,446,492	41,076,805
Contractors		51,096,220	5,677,358	56,773,578
SSP Claims		91,774,730	3,024,420	94,799,150
Prepaid Fees		25,049,797		25,049,797
Borrowings			10,133,332	10,133,332
Other Payables	187,000	84,829,744	4,497,589	89,514,333
Caution Money		4,743,000	11,553,000	16,296,000
	<u>6,995,192</u>	<u>283,315,612</u>	<u>43,332,191</u>	<u>333,642,995</u>
As at 30 June, 2015				
Trade Payables		62,012,496		62,012,496
Contractors		90,435,834	10,048,426	100,484,260
SSP Claims		29,982,471		29,982,471
Prepaid Fees		19,392,165		19,392,165
Borrowings			13,933,332	13,933,332
Other Payables		66,579,886	1,994,646	68,574,532
Caution Money		4,901,000	7,428,000	12,329,000
	<u>0</u>	<u>273,303,852</u>	<u>33,404,404</u>	<u>306,708,256</u>

k. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalent consist of cash, bank balances and short term investments. Bank account balances include amounts held at various commercial banks at the end of the financial year. The Cash at hand and Bank balances at the close of 2014/2014 F.Y. was Ksh. 31,401,728 which is reconciled as follows:

Cash and cash equivalents as per Cash flow Statement	(24,981,610)
ADD: Overdrawn Accounts	<u>56,383,338</u>
Total Cash and cash equivalents	<u>31,401,728</u>

l. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

m. Receivables

Receivables are recognized at their nominal value as reduced by appropriate allowances

n. Biological Assets

Livestock are valued at the prevailing market rates.

Crops are valued at fair value less estimated point of sale costs. Formula for calculating the value of crops in the field is as follows:

$$Vc = \frac{D \times A \times YP \times SP}{MP}$$

Where:

Vc – Value of crop	YP – Yield Potential of the crop
D – Age in Days	SP – Selling Price per 90-Kg Bag
A – Area in Acres	MP – Maturity Period

o. Bad and doubtful debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps taken to recover them are without success. In 2014/2015, a general provision for bad debts was provided amounting to Kshs. 14,223,365

p. Research and Development

Research and development expenditure is charged to income statement in the year it is incurred

q. Interest on Loans

Interest on loan has been charged as expenses in the year they have been incurred. The policy is to accrue all un-paid interest relating to the year under review.

r. Tax Exemption

The entity by virtue of being a public university and classified under the Public Benefit Organizations (PBOs) have been exempted from income tax. PBOs are exempted from income tax on income received from the activities of the organization, if the income is wholly used to support the public benefit purposes for which the organization was established and in this case to advance education by Public Universities

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

3	Government Grants		2015	2014
	Code	Details	Kshs.	Kshs.
	50050	GOK Recurrent	516,328,950	524,669,878
		Sub-Total	516,328,950	524,669,878
4	Grants & Donations		2015	2014
	Code	Details	Kshs.	Kshs.
	50650	CDF Grants & Donations	1,241,500	15,000
		Sub-Total	1,241,500	15,000
5	Students' Fees		2015	2014
	Code	Details	Kshs.	Kshs.
	50010	Students' ID	1,095,800	973,700
	50060	Examination Fee	17,501,730	12,896,910
	50065	Application Fee	2,240,500	1,910,420
	50070	Registration	4,784,250	3,721,690
	50072	Activity Fee	5,445,150	4,136,100
	50075	Convocation Fee	4,405,302	2,997,036
	50085	Academic Transcripts	76,754	30,800
	50200	Library Fee	9,924,013	7,014,723
	50290	Accommodation	5,868,579	6,303,300
	50600	Tuition	272,980,429	270,654,242
	50615	Conference Charges	108,000	626,675
	50620	Students Medical Fee	8,064,706	5,663,984
	50625	Computer Charges	216,400	147,267
	50630	Material Development	13,810,424	10,299,000
	50655	Students Supervision Fee	9,012,130	2,431,100
	50655	Laboratory Charges	2,657,500	1,460,990
	50940	Retakes	276,435	0
	50945	Remarking fees	31,735	0
		Sub-Total	358,499,837	331,267,937

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015**6 Other Income**

Code	Details	Kshs.	Kshs.
50015	Miscellaneous Income	652,739	159,276
50030	Medical Charges - Guests	189,225	460,584
50040	Campuses Income	2,675,973	19,113,824
50045	UoN Transfer	1,144,051	0
50087	Students' Damages	12,600	0
50090	Gain on Disposal of Assets	0	1,025,400
50180	Library Fines	27,426	31,212
50185	LUC Marathon	608,700	1,530,200
50610	Research Grants	120,000	0
50640	Rent Income	684,850	669,200
50715	Sale of Detergents	11,690	0
50810	Tendering Income	53,200	397,200
50935	Interest Income on Fixed Deposits	6,300	0
	Sub-Total	6,186,754	23,386,896

7 Staff Costs

Code	Details	2015 Kshs.	2014 Kshs.
70010	Basic salary	294,060,014	339,394,653
70020	NSSF (Employer)	735,000	729,800
70025	Medical Allowances	8,897,912	8,498,102
70030	Gratuity & Pension (Employer)	41,996,597	42,341,648
70040	House Allowance	154,288,511	158,428,528
70045	Other Personal Allow	55,812,204	51,916,482
70060	Leave Travel	2,584,919	2,922,155
70090	Commuting Allowance	48,883,221	46,959,862
70100	Casual Labour	3,785,391	2,664,082
70160	Passage & Baggage	3,469,105	1,246,514
70210	Staff Development/Training	1,073,906	120,550
70295	Group Life insurance	4,254,375	3,383,190
70380	Staff Funeral Expenses	122,800	267,650
70850	Staff (Dental & Optical) Expenses	1,137,366	943,210
71030	Staff Med Expenses (Hospitalization)	17,830,299	19,286,475
71905	Tuition Fee Waiver	5,586,000	1,848,000
	Sub Total	644,517,621	680,950,902

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

8	Administrative Expenses	2015	2014
Code	Details	Kshs.	Kshs.
70110	Travel & Subsistence	17,338,035	17,041,441
70120	Office Stationery	3,807,629	4,454,413
70125	Photocopying Expenses	834,725	296,187
70130	Publishing & Printing	177,020	1,405,290
70140	Advertising & Publicity	3,967,325	5,518,979
70150	Postage & Telephone	1,600,222	1,989,274
70170	Electricity Expenses	13,300,709	15,631,906
70180	Official Entertainment	3,154,559	657,043
70190	General Repairs	8,602,927	12,803,569
70205	Revaluation of Assets	0	408,000
70230	Vehicles Insurance	1,213,676	98,383
70240	Cleaning Materials	502,675	408,970
70250	Staff Uniforms	273,530	524,764
70280	Bank Charges	7,296,165	3,176,185
70290	General Insurance -Property	355,085	1,395,427
70300	Legal Charges	4,307,394	2,229,900
70320	Computer charges & Stationery	3,394,801	3,922,540
70350	Audit Fees	696,000	696,000
70420	Rents & Rates	28,743,853	23,760,802
70445	External Travel (NTS)	0	187,572
70500	Vehicle repairs	2,520,658	3,496,163
70645	Transport operating Exp	6,027,205	4,065,548
70655	Machinery repairs	803,968	19,520
70815	Tendering Expenses	343,972	82,500
71055	Cleaning & Sanitary Services	753,440	463,250
71110	Maintenance of water & Sewerage	1,008,755	1,348,184
71152	Contracted Professional Services	700,684	937,645
71350	Office Running Expenses	1,396,839	2,245,682
71509	Strategic Plan/Charter Launch	0	832,120
71510	ISO Exp./Launch	745,873	0
71521	Detergent Expenses	147,631	298,384
71715	Performance Contracting	826,824	1,607,500
71790	Public Celebrations	61,500	43,000
72017	Automation Expenses	101,760	56,600
	Sub Total	115,005,440	112,102,740

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

9 Academic & Research		2015	2014
Code	Details	Kshs.	Kshs.
70070	SSP Admin. Costs (Honorarium)	138,088,607	67,872,254
70145	Campuses Expenses	786,117	479,019
70310	Grants & Donations (Bursary)	928,000	722,000
70321	Internet Services	8,915,992	8,468,462
70335	Scholarship Funds	0	0
70355	Research Programmes	757,958	1,027,650
70375	Senate Expenses	22,600	130,985
70445	International Travel	773,309	0
70455	Conference & Seminars	888,473	3,429,641
70480	Subscription to Journals & DSTV	527,418	40,250
70505	Teaching Materials	438,140	1,938,310
70510	Examination Stationery	3,484,624	1,520,227
70515	Laboratory Materials & Reagents	1,594,244	475,317
70520	Graduation Expenses	4,437,921	6,723,068
70530	Subsistence (Part Timers)	0	1,637,720
70535	Subsistence (External Examiners)	2,737,477	299,475
70550	Library Expenses	0	45,000
70565	Newspapers, Journals & Videos	1,294,220	1,751,895
71506	Academic Field Trips	3,373,403	803,439
71511	Academic Exhibitions	438,149	457,147
71805	Expenses of Boards & Comm	457,400	2,439,716
71980	Teaching Practice	8,574,370	8,117,776
	Sub Total	178,518,422	108,379,350
10 Students Welfare		2015	2014
Code	Details	Kshs.	Kshs.
70440	LUC Marathon	3,700,943	3,699,844
70860	Students Medical Supplies	1,532,910	3,144,439
70950	Students Miscellaneous A/c	7,364,985	3,352,377
71498	Students Work-study	1,000,200	885,170
71517	Drama Festivals & Cultural Week	261,600	56,748
71519	Students' Counseling Expenses	330,000	284,700
71560	Games Exp. (Inter Universities)	1,179,350	1,247,550
	Sub Total	15,369,989	12,670,828

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2015

11	Council Expenses		2015	2014
	Code	Details	Kshs.	Kshs.
	71800	Sitting Allowance	4,020,000	3,200,000
	71800	Mileage Allowance	1,585,096	1,332,016
	71800	Accommodation Expenses	1,235,000	767,000
	71800	Lunch Allowance	300,000	200,000
	71800	Honorarium	2,244,000	2,244,000
		Sub Total	9,384,096	7,743,016
12	Finance Charge		2015	2014
	Code	Details	Kshs.	Kshs.
	71520	Loan Interest	1,862,004	1,862,237
		Sub Total	1,862,004	1,862,237
13	Depreciation		2015	2014
	Code	Details	Kshs.	Kshs.
	72018	Property, Plant & Equipment	24,189,320	26,257,390
	72018	Library Books	1,241,003	1,383,499
		Sub Total	25,430,323	27,640,889
14	Bad Debts		2015	2014
	Code	Details	Kshs.	Kshs.
	70410	Provision for Bad Debts	14,223,365	0
	70415	Bad Debts Written Off	0	0
		Sub Total	14,223,365	0

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015**15 FARM TRADING, PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30TH JUNE, 2015**

Details	2015	2014
	Kshs.	Kshs.
Sales	4,714,792	3,613,399
Cost of Sales	3,992,237	843,183
Gross Profit	722,556	2,770,216
Expenses	579,554	759,585
Net Profit	143,002	2,010,631

16 CATERING TRADING, PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 30TH JUNE, 2015**

Details	2015	2014
	Kshs.	Kshs.
Sales	10,735,439	9,629,712
Cost of Sales	10,198,312	10,094,597
Gross Profit	537,127	(464,885)
Expenses	520,575	438,270
Net Profit	16,552	(903,155)

17 BOOKSHOP TRADING, PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 30TH JUNE, 2015**

Details	2015	2014
	Kshs.	Kshs.
Sales	1,779,489	981,470
Cost of Sales	1,188,880	1,079,720
Gross Profit	590,609	(98,250)
Expenses	49,724	34,848
Net Profit	540,885	(133,098)

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

18 Cash & Cash Equivalents

Bank Balances	2015	2014
Account	Kshs.	Kshs.
KCB Nakuru A/c		2,982,538
KCB Farm A/c	310,942	1,480,908
KCB Catering A/c	401,251	271,770
KCB Bookshop Account	242,989	0
KCB Development A/c	15,738,987	2,928,700
KCB Research A/c	799,959	421,909
KCB - Mararal CDF Account	64,062	59,062
KCB - Mararal Fees Account		836,409
Co-operative Bank Fees A/c 702		871,496
Co-operative Bank Fees A/c 8000	848,595	0
Co-operative Bank Nyahururu Fees A/c 71600		2,087,222
Co-operative Bank - Marathon Account	286,143	869
Co-operative Bank - Gratuity/Caution Money A/c	845,151	840,236
Equity Bank A/c 0456		673,753
Total	19,538,079	13,454,871
Cash in Hand	26,301	100,506
Total	19,564,380	13,555,377

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

19 Accounts Receivable

(i) Receivable from exchange transactions	2015	2014
Details	Kshs.	Kshs.
Students' Fee Balances	129,731,778	132,467,714
Fee Receivable EU	1,862,823	1,862,823
Farm Debtors	364,687	420,509
Bookshop Debtors	40,290	40,290
Medical Debtors	629,150	718,450
Salary Advance	150,216	247,037
Leasehold	603,150	524,550
Un-surrendered Imprests	1,266,841	13,702,740
General Debtors	0	691,500
Pre-payments(Electricity & Water Deposits)	4,251,904	4,251,904
Advanced Contractors (Capital Projects)	3,332,811	0
Total	142,233,650	154,927,517
Less Provision for Bad Debts @10%	14,223,365	0
Receivables net of Provision	128,010,285	154,927,517

(ii) Receivable from non-exchange transactions

Details	2015	2014
	Kshs.	Kshs.
G.O.K. Capitation	43,027,413	36,110,798
Total Receivables Net of Provision	171,037,697	191,038,315

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

20 Inventory Stores Summary By Classification

Inventories	2015	2014
	Kshs.	Kshs.
Animal Feeds	0	1,348,097
Carpentry Materials	1,135,233	1,339,294
Chemicals & Fertilizers	349,630	606,489
Cleaning Materials	528,367	1,096,627
Diesel/ Lubricants	87,175	123,165
Dry Foodstuff	436,679	77,611
Electrical Appliances	430,360	378,895
Gift Shop Items	60,840	175,031
Harvested crop/Seeds	42,064	70,634
Masonry Materials	456,538	740,103
Medical Drugs	2,050,909	3,353,452
Medical Lab. Reagents	0	105,947
Office Stationery	2,669,957	2,012,741
Painting Materials	553,580	694,883
Perishable Foodstuff	41,593	16,270
Plumbing Materials	751,969	304,803
Science Lab. Apparatus	1,402,646	694,103
Science Lab. Reagents	943,822	1,623,698
Textbooks for Resale	447,491	280,124
Tools & Spare parts	1,312,385	881,335
Vet Drugs	42,371	81,230
Welding Materials	1,529,133	1,833,519
Total	15,272,741	17,838,051

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

21

PROPERTY, PLANT & EQUIPMENT

Cost/Valuation	Land	Buildings	Work-in-Process	Plant Machinery & Tractors	Motor Vehicles	Equipment	Furniture & Fittings	Computer & Accessories	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July, 2013	194,835,000	259,113,430	515,667,839	10,795,223	35,710,521	49,727,988	17,147,287	31,771,026	1,114,768,313
Disposal					1,600,000				1,600,000
Additions	0	0	156,332,918	0	6,129,791	6,371,016	5,447,149	5,173,112	179,453,986
As at 30th June, 2014	194,835,000	259,113,430	672,000,757	10,795,223	40,240,312	56,099,003	22,594,436	36,944,138	1,292,622,299
Accumulated Depreciation									
As at 1st July, 2013	0	89,843,728	0	5,146,435	19,006,084	42,498,316	12,248,667	21,925,245	190,668,475
Accumulated Depreciation on Assets Disposed					1,600,000				1,600,000
Depreciation Charge for the Year	0	6,477,836	0	713,421	7,836,704	4,528,864	2,033,172	4,667,394	26,257,390
As at 30th June, 2014	0	96,321,564	0	5,859,856	25,242,788	47,027,180	14,281,838	26,592,639	215,325,864
Net Book Value as at 30th June, 2014	194,835,000	162,791,867	672,000,757	4,935,367	14,997,524	9,071,823	8,312,598	10,351,499	1,077,296,435
Cost/Valuation									
As at 1st July, 2014	194,835,000	259,113,430	672,000,757	10,795,223	40,240,312	56,099,003	22,594,436	36,944,138	1,292,622,299
Disposal									0
Additions	0	0	128,292,878	0	0	1,792,096	1,082,640	504,500	131,672,114
As at 30th June, 2015	194,835,000	259,113,430	800,293,635	10,795,223	40,240,312	57,891,099	23,677,076	37,448,638	1,424,294,413
Accumulated Depreciation									
As at 1st July, 2014	0	96,321,564	0	5,859,856	25,242,788	47,027,180	14,281,838	26,592,639	215,325,864
Accumulated Depreciation on Assets Disposed									0
Depreciation Charge for the Year	0	6,477,836	0	713,421	7,182,629	3,757,776	1,969,250	4,088,409	24,189,320
As at 30th June, 2015	0	102,799,399	0	6,573,277	32,425,417	50,784,956	16,251,088	30,681,048	239,515,184
Net Book Value as at 30th June, 2015	194,835,000	156,314,031	800,293,635	4,221,946	7,814,896	7,106,143	7,425,988	6,767,590	1,184,779,229

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2015

22 Non-Current Assets - Library Books

2013/2014	Library books	Total
Cost/Valuation	KSH	KSH
As at 1st July, 2013	13,691,586	13,691,586
Disposal		0
Additions	383,926	383,926
As at 30th June, 2014	14,075,512	14,075,512
Accumulated Depreciation		0
As at 1st July, 2013	9,842,188	9,842,188
Accumulated Depreciation on Assets Disposed		0
Depreciation Charge for the Year	1,383,499	1,383,499
As at 30th June, 2014	11,225,687	11,225,687
Net Book Value as at 30th June, 2014	2,849,826	2,849,826
2014/2015		
Cost/Valuation		
As at 1st July, 2014	14,075,512	14,075,512
Disposal		0
Additions	199,431	199,431
As at 30th June, 2015	14,274,943	14,274,943
Accumulated Depreciation		0
As at 1st July, 2014	11,225,687	11,225,687
Accumulated Depreciation on Assets Disposed		0
Depreciation Charge for the Year	1,241,003	1,241,003
As at 30th June, 2015	12,466,689	12,466,689
Net Book Value as at 30th June, 2015	1,808,254	1,808,254

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2015

23 Intangible Assets

2013/2014	ERP Software
Cost/Valuation	Kshs
As at 1st July, 2013	8,429,220
Additions	900,000
As at 30th June, 2014	9,329,220
Accumulated Amortization	
As at 1st July, 2013	0
Amortization Charge for the Year	0
As at 30th June, 2014	0
Net Book Value as at 30th June, 2014	9,329,220
2014/2015	
Cost/Valuation	
As at 1st July, 2014	9,329,220
Additions	
As at 30th June, 2015	9,329,220
Accumulated Amortization	
As at 1st July, 2014	0
Amortization Charge for the Year	0
As at 30th June, 2015	0
Net Book Value as at 30th June, 2015	9,329,220

24 Biological Assets

	2015	2014
Detail	Kshs.	Kshs.
Cattle	4,985,000	4,802,500
Silage Maize Crop	0	0
Oats	0	0
Boma Rhodes in Field	1,600,000	2,560,000
Tree Nursery seedlings	369,000	634,000
Total	6,954,000	7,996,500

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2015

25	Overdraft	2015	2014
	Bank Account	Kshs.	Kshs.
	KCB Nyahururu Main Account	49,425,039	49,050,953
	KCB Nakuru Account 9080	2,503,152	0
	KCB - Mararal Fees Account	349,027	
	KCB Bookshop Account		270,527
	Co-operative Fees Account 702	575,379	
	Co-operative Bank Nyahururu Account	1,250,949	0
	Co-operative Bank Naivasha Account	782,903	130,332
	Equity Account 0456	1,496,889	0
	Grand Total	56,383,338	49,451,811
26	Accounts Payables		
(i)	Short term Payables	2015	2014
	Details	Kshs.	Kshs.
	Trade Payables	39,648,821	60,620,496
	Audit Fees Payable	1,428,000	1,392,000
	Contractors -Capital Projects	56,773,578	100,484,261
	SSP Service providers	94,799,150	29,982,471
	Accrued Council Honoraria	187,000	0
	Students Caution Money	16,296,000	12,329,000
	Prepaid Tuition (Excess)	25,049,797	19,392,165
	Students' Union Account	792,643	214,193
	Salary & deductions payable	57,615,058	65,171,144
	Basic & House Arrears Payable	4,497,589	1,478,968
	Staff Over-Recoveries	0	515,678
	Staff Gratuity Payable	978,330	0
	Staff Medical Claims (Dental & Optical)	633,516	394,820
	Other staff claims	6,554,832	799,729
	Accrued Bursaries & Fee Waiver	5,794,000	0
	EU SACCO (Prepaid Rent)	624,000	0
	Grand Totals	311,672,315	292,774,924
(ii)	Long term Payables	Kshs.	Kshs.
	Equity Bank Loan	10,133,332	13,933,332
	Total	10,133,332	13,933,332